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H.177

Introduced by Representatives Cordes of Bristol and Kleppner of Burlington

Referred to Committee on

Date:

Subject: Education; State funding of public education; taxation and finance;
education property tax; education income tax; education finance

Statement of purpose of bill as introduced: This bill proposes to transition
from an education property tax to an education income tax in fiscal year 2027.

This bill would create an education tax that is based on the income of all
Vermont residents (both homeowners and renters) with a rate determined by
locally voted budgets. This bill would eliminate the homestead education
property tax and levy the nonhomestead education property tax on all property
except residential dwellings and the two-acre parcel surrounding the dwellings.

This bill would continue to provide the existing renter credit. This bill also
proposes to update the property tax credit income sensitivity measures to
provide relief to a broader class of Vermont taxpayers in fiscal year 2026.

An act relating to income-based education funding

It is hereby enacted by the General Assembly of the State of Vermont:

* * * Education Income Tax * * *

Sec. 1. 32 V.S.A. chapter 151, subchapter 14 is added to read:

1 Subchapter 14. Education Income Tax

2 § 5961. NAME OF TAX

3 The tax imposed by this subchapter shall be known as the Vermont
4 education income tax.

5 § 5962. EDUCATION INCOME TAX ON INDIVIDUALS

6 (a) In addition to the personal income tax assessed under section 5822 of
7 this title, there shall be an education income tax imposed each taxable year
8 upon the adjusted gross income earned or received in that year by every
9 individual subject to income taxation under the laws of the United States, in an
10 amount determined by the following tables and adjusted as required under this
11 section and section 5963 of this subchapter.

12 (1) Married individuals filing joint returns and surviving spouses:

<u>If adjusted gross income is:</u>	<u>The tax is:</u>
<u>Not over \$64,600.00</u>	<u>3.35% of adjusted</u> <u>gross income</u>
<u>Over \$64,600.00 but</u> <u>not over \$156,150.00</u>	<u>\$2,164.00 plus 6.60% of</u> <u>the amount of adjusted</u> <u>gross income over \$64,600.00</u>
<u>Over \$156,150.00 but</u> <u>not over \$237,950.00</u>	<u>\$8,206.00 plus 7.60%</u> <u>of the amount of adjusted</u> <u>gross income over \$156,150.00</u>

1	<u>Over \$237,950.00</u>	<u>\$14,423.00 plus 8.75%</u>
2		<u>of the amount of adjusted</u>
3		<u>gross income over \$237,950.00</u>
4	<u>(2) Heads of household:</u>	
5	<u>If adjusted gross income is:</u>	<u>The tax is:</u>
6	<u>Not over \$51,850.00</u>	<u>3.35% of adjusted</u>
7		<u>gross income</u>
8	<u>Over \$51,850.00 but</u>	<u>\$1,737.00 plus 6.60% of</u>
9	<u>not over \$133,850.00</u>	<u>the amount of adjusted</u>
10		<u>gross income over \$51,850.00</u>
11	<u>Over \$133,850.00 but</u>	<u>\$7,149.00 plus 7.60%</u>
12	<u>not over \$216,700.00</u>	<u>of the amount of adjusted</u>
13		<u>gross income over \$133,850.00</u>
14	<u>Over \$216,700.00</u>	<u>\$13,446.00 plus 8.75%</u>
15		<u>of the amount of adjusted</u>
16		<u>gross income over \$216,700.00</u>
17	<u>(3) Unmarried individuals, other than surviving spouses or heads of</u>	
18	<u>household:</u>	
19	<u>If adjusted gross income is:</u>	<u>The tax is:</u>
20	<u>Not over \$38,700.00</u>	<u>3.35% of adjusted</u>
21		<u>gross income</u>

1	<u>Over \$38,700.00 but</u>	<u>\$1,296.00 plus 6.60% of</u>
2	<u>not over \$93,700.00</u>	<u>the amount of adjusted</u>
3		<u>gross income over \$38,700.00</u>
4	<u>Over \$93,700.00 but</u>	<u>\$4,926.00 plus 7.60%</u>
5	<u>not over \$195,450.00</u>	<u>of the amount of adjusted</u>
6		<u>gross income over \$93,700.00</u>
7	<u>Over \$195,450.00</u>	<u>\$12,659.00 plus 8.75%</u>
8		<u>of the amount of adjusted</u>
9		<u>gross income over \$195,450.00</u>

10 (4) Married individuals filing separate returns:

11	<u>If adjusted gross income is:</u>	<u>The tax is:</u>
12	<u>Not over \$32,300.00</u>	<u>3.35% of adjusted</u>
13		<u>gross income</u>
14	<u>Over \$32,300.00 but</u>	<u>\$1,082.00 plus 6.60% of</u>
15	<u>not over \$78,075.00</u>	<u>the amount of adjusted</u>
16		<u>gross income over \$32,300.00</u>
17	<u>Over \$78,075.00 but</u>	<u>\$4,103.00 plus 7.60%</u>
18	<u>not over \$118,975.00</u>	<u>of the amount of adjusted</u>
19		<u>gross income over \$78,075.00</u>
20	<u>Over \$118,975.00</u>	<u>\$7,212.00 plus 8.75%</u>
21		<u>of the amount of adjusted</u>

1 gross income over \$118,975.00

2 (b) The amounts of adjusted gross income shown in the tables in this
3 section shall be adjusted annually for inflation by the Commissioner of Taxes
4 pursuant to subdivision 5822(b)(2) of this chapter.

5 (c)(1) The rates shown in the tables in this section shall be adjusted for
6 each school district by dividing the school district's per pupil education
7 spending, as defined in 16 V.S.A. § 4001(6), by the prior year's statewide
8 average per pupil education spending and multiplying the result by the rates
9 under this section.

10 (2) The final rate for each school district determined under this
11 subsection shall apply to the Vermont income, as defined in section 5963 of
12 this title, of a resident or part-year resident for the entire taxable year. As used
13 in this subdivision, the "final rate" for each school district means the average
14 of the district's rates in effect between January 1 and December 31.

15 (3) A resident or part-year resident individual shall pay the rate adjusted
16 under this subsection for the individual's school district of residence on
17 January 1 of the taxable year or, in the case of a part-year resident individual
18 whose residence begins on a day other than January 1, the school district where
19 the individual resides on the first day of residence in this State. The rate
20 adjustments under this subsection shall not apply to a nonresident individual.

1 (d) The tax liability determined under subsections (a) through (c) of this
2 section shall be reduced by a percentage equal to the portion of adjusted gross
3 income that is not Vermont income; provided, however, that if a taxpayer's
4 Vermont income exceeds the taxpayer's adjusted gross income, no reduction
5 shall be made and provided further that if a taxpayer has zero or negative
6 Vermont income and the taxpayer's Vermont income computed without regard
7 to the reductions in section 5963 of this subchapter does not equal or exceed
8 the taxpayer's adjusted gross income, no tax shall be due under this section.

9 (e) The education income tax under this subchapter shall be assessed and
10 administered in the same manner as the personal income tax under this chapter.

11 (f) As used in this section, "married individuals," "surviving spouse,"
12 "head of household," and "unmarried individual" have the same meaning as
13 under the Internal Revenue Code.

14 § 5963. VERMONT INCOME OF INDIVIDUALS

15 (a) As used in this subchapter, for any taxable year, the Vermont income of
16 a resident individual is the adjusted gross income of the individual for that
17 taxable year, less income exempted from State taxation under the laws of the
18 United States.

19 (b)(1) As used in this subchapter, for any taxable year, the Vermont income
20 of a nonresident individual is the sum of the following items of income to the

1 extent they are required to be included in the adjusted gross income of the
2 individual:

3 (A) rents and royalties derived from the ownership of property
4 located within this State;

5 (B) gains from the sale or exchange of property located within this
6 State;

7 (C) wages, salaries, commissions, or other income received with
8 respect to services performed within this State;

9 (D) income, other than income exempted from State taxation under
10 the laws of the United States, derived from every business, trade, occupation,
11 or profession to the extent that the business, trade, occupation, or profession is
12 carried on within this State, including any compensation received:

13 (i) under an agreement not to compete with a business operating in
14 Vermont;

15 (ii) for goodwill associated with the sale of a Vermont business; or

16 (iii) for services to be performed under a contract associated with
17 the sale of a Vermont business, unless it is shown that the compensation for
18 services does not constitute income from the sale of the business;

19 (E) income that was previously deferred under a nonqualified
20 deferred compensation plan and that would have previously been included in

1 the taxpayer's Vermont income if it had not been deferred and income derived
2 from such previously deferred income; and

3 (F) proceeds from wagering transactions made within the State; or
4 any Vermont State Lottery, tri-state lottery, or multijurisdictional lottery ticket
5 paid to a person who purchased the ticket in Vermont, including payments
6 received from a third party for the transfer of the rights to future proceeds
7 related to the ticket; and the Commissioner may require withholding of any
8 taxes due to the State under this subdivision (b)(1) from payments of wagering
9 or lottery proceeds.

10 (2) As used in this subchapter, for any taxable year, the Vermont income
11 of a nonresident individual shall not include any income from the activities
12 listed in this subdivision or the income of a nonresident through an entity, such
13 as a partnership, limited liability company, or trust, provided that the entity's
14 activities in this State are limited to activities that, without more, would not
15 constitute nexus, plus any or all of the following activities necessary to create
16 or maintain a web page or internet site for the nonresident or entity:

17 (A) ownership of data or programming code in this State, or use of
18 that data or programming code by a person other than the nonresident or entity
19 or by a person not in this State;

20 (B) ownership of, or receipt of services from, computer servers in
21 this State; and

1 (C) receipt of computer processing or web hosting services from a
2 computer service provider or web hosting service in this State.

3 (c) As used in this subchapter, for any taxable year, the Vermont income of
4 a part-year resident individual or trust is the sum of:

5 (1) all items of income constituting Vermont income for the purpose of
6 subsection (a) of this section that are earned or received during the period of
7 the taxpayer's residency in this State in the taxable year; and

8 (2) all items of income constituting Vermont income for the purposes of
9 subdivision (b)(1) of this section that are earned or received during the period
10 of the taxpayer's nonresidency in this State in the taxable year.

11 § 5964. EDUCATION INCOME TAX; RENTER CREDIT

12 (a) A resident individual or part-year resident individual shall be entitled to
13 a nonrefundable credit against the tax imposed by section 5962 of this title for
14 the taxable year. The total credit per taxable year shall be 21 percent of gross
15 rent paid by the renter during the taxable year, multiplied by the percentage
16 that the individual's income that is earned or received during the period of the
17 individual's residency in this State bears to the individual's total income.

18 (b) As used in this section, "gross rent" means the rent and related charges
19 paid by the individual for the right to occupy the individual's primary dwelling
20 as the individual's domicile in this State during the taxable year.

21 * * * Withholding, Estimated Payments, and Returns * * *

1 Sec. 2. 32 V.S.A. § 5841 is amended to read:

2 § 5841. REQUIREMENT AND RATE OF WITHHOLDING

3 (a) Every person who is required under the laws of the United States to
4 withhold federal income tax from payments that are also subject to Vermont
5 income tax or education income tax shall deduct and withhold during the
6 calendar year from the payments made by such person ~~such~~ the amount of tax
7 as the Commissioner shall prescribe. Every person who makes payments of
8 income with respect to services performed for such person that were previously
9 deferred under a nonqualified deferred compensation plan shall deduct and
10 withhold during the calendar year from the payments made by such person six
11 percent of any payment (including any withheld tax) of such previously
12 deferred income and of income derived from such previously deferred income.
13 The Commissioner may authorize any person to deduct and withhold Vermont
14 income tax and education income tax from any other payments that are subject
15 to the ~~tax~~ taxes imposed by this chapter. Notwithstanding the foregoing, banks
16 (as defined in 8 V.S.A. § 909a(a)) shall not be required to withhold Vermont
17 income tax or education income tax from payments that are subject to federal
18 back-up withholding.

19 (b) The Commissioner shall establish ~~such~~ withholding tables, schedules,
20 or formulae as will result in the withholding of ~~such~~ amounts from the
21 payments made by any person during any taxable year; as shall closely

1 approximate the income tax liabilities of the recipients of those payments with
2 respect to those payments for that year under this chapter, including any
3 liability for the education income tax under section 5962 of this title.

4 * * *

5 (d) The Commissioner shall base the withholding requirements for the
6 education income tax under section 5962 of this title on the federal adjusted
7 gross income of recipients from the prior year and the statewide average rates
8 from the prior year, provided the rate shall be adjusted annually for inflation
9 using the National Income and Product Accounts (NIPA) Implicit Price
10 Deflator for State and Local Government Consumption Expenditures and
11 Gross Investment as reported by the U.S. Department of Commerce, Bureau of
12 Economic Analysis.

13 Sec. 3. 32 V.S.A. § 5851(1) is amended to read:

14 (1) "Tax" means, for any taxpayer and for any taxable year, the income
15 tax liability of the taxpayer for that taxable year under section 5822 or 5962 of
16 this title, reduced by any allowable credits against such tax.

17 Sec. 4. 32 V.S.A. § 5852(a) is amended to read:

18 (a) Every individual, estate, and trust subject to taxation under section 5822
19 of this title (other than a person receiving at least two-thirds of ~~his or her~~ the
20 person's income from farming or fishing as defined under the laws of the
21 United States) or section 5962 of this title shall make installment payments of

1 the taxpayer's estimated tax liability for each taxable year. The amount of
2 each payment shall be 25 percent of the required annual payment. For any
3 taxable year, payments shall be made on or before April 15, June 15, and
4 September 15 of the taxable year and January 15 of the following taxable year.
5 In applying this section to a taxable year beginning on any date other than
6 January 1, there shall be substituted, for the months specified in this section,
7 the months that correspond thereto.

8 Sec. 5. 32 V.S.A. § 5861 is amended to read:

9 § 5861. RETURNS BY INDIVIDUALS, TRUSTS, AND ESTATES

10 (a) Every individual, trust, or estate subject to taxation for any taxable year
11 under section 5822 or 5962 of this title shall file a Vermont personal income
12 tax return for that taxable year if that person is required to file a United States
13 income tax return for that year and:

14 (1) earned or received more than \$100.00 of Vermont income, ~~or~~;

15 (2) earned or received more than \$1,000.00 in gross income from the
16 sources listed in subdivisions 5823(b)(1) through (6) or subsections 5962(b)
17 and (c) of this title, whether or not a resident, in that year; ~~or~~

18 (3) has a tax liability under this chapter for that year.

19 * * *

20 (e) The Commissioner ~~may~~ shall require information on a Vermont
21 personal income tax return that is sufficient to identify the school district, as

1 defined in 16 V.S.A. § 11(a)(10), in which the taxpayer resides and whether
2 the taxpayer's residence is a rental dwelling in this State. The Commissioner
3 may consider a return incomplete if the information required under this
4 subsection is not provided and shall cause the return to be completed.

5 * * *

6 Sec. 6. 32 V.S.A. § 5820 is amended to read:

7 § 5820. PURPOSE

8 (a) This chapter is intended to conform the Vermont personal ~~and~~,
9 corporate, and education income taxes with the U.S. Internal Revenue Code,
10 except as otherwise expressly provided, in order to simplify the taxpayer's
11 filing of returns, reduce the taxpayer's accounting burdens, and facilitate the
12 collection and administration of these taxes.

13 (b) It is intended that, for any taxable year, individuals, estates, and trusts
14 shall be taxed upon only their Vermont income for that year, but that the rate at
15 which the Vermont income of any taxpayer is taxed under this chapter shall
16 reflect the taxpayer's ability to pay as measured by ~~his or her~~ the taxpayer's
17 adjusted gross income for the taxable year.

18 * * * Nonhomestead Education Property Tax * * *

19 Sec. 7. 32 V.S.A. § 5401 is amended to read:

20 § 5401. DEFINITIONS

21 As used in this chapter:

1 * * *

2 (7) "Homestead":

3 (A) "Homestead" means the principal dwelling and ~~parcel~~ two acres
4 of land surrounding the dwelling, owned and occupied by a resident individual
5 as the individual's domicile or owned and fully leased on April 1, provided the
6 property is not leased for more than 182 days out of the calendar year or, for
7 purposes of the renter credit under subsection 6066(b) of this title, is rented
8 and occupied by a resident individual as the individual's domicile.

9 * * *

10 (G) ~~For purposes of homestead declaration and application of the~~
11 ~~homestead property tax rate, "homestead"~~ "Homestead" also means a
12 residence that was the homestead of the decedent at the date of death and, from
13 the date of death through the next April 1, is held by the estate of the decedent
14 and not rented.

15 * * *

16 (10) "Nonhomestead property" means all property except:

17 * * *

18 (C) Homesteads ~~declared in accordance with section 5410 of this title~~
19 as defined in subdivision (7) of this section.

20 * * *

1 (13)(A) ~~“Education property tax spending adjustment” means the~~
2 ~~greater of one or a fraction in which:~~

3 (i) ~~the numerator is the district’s per pupil education spending plus~~
4 ~~excess spending for the school year, and~~

5 (ii) ~~the denominator is the property dollar equivalent yield for the~~
6 ~~school year, as defined in subdivision (15) of this section, multiplied by the~~
7 ~~statewide adjustment.~~

8 (B) ~~“Education income tax spending adjustment” means the greater~~
9 ~~of one or a fraction in which the numerator is the district’s per pupil education~~
10 ~~spending plus excess spending for the school year, and the denominator is the~~
11 ~~income dollar equivalent yield for the school year, as defined in subdivision~~
12 ~~(16) of this section. [Repealed.]~~

13 * * *

14 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~
15 ~~education spending that would result in a district having a homestead tax rate~~
16 ~~of \$1.00 per \$100.00 of equalized education property value. [Repealed.]~~

17 (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~
18 ~~education spending that would result in a district having an income percentage~~
19 ~~in subdivision 6066(a)(2) of this title of 2.0 percent. [Repealed.]~~

20 * * *

21 Sec. 8. 32 V.S.A. § 5402 is amended to read:

1 § 5402. NONHOMESTEAD EDUCATION PROPERTY TAX LIABILITY

2 (a) A statewide education tax is imposed on all nonhomestead ~~and~~
3 homestead property at the following rates:

4 (1) ~~The tax rate for nonhomestead property shall be~~ rate of \$1.59 per
5 \$100.00 divided by the statewide adjustment.

6 (2) ~~The tax rate for homestead property shall be \$1.00 multiplied by the~~
7 ~~education property tax spending adjustment for the municipality per \$100.00 of~~
8 ~~equalized education property value as most recently determined under section~~
9 ~~5405 of this title. The homestead property tax rate for each municipality that is~~
10 ~~a member of a union or unified union school district shall be calculated as~~
11 ~~required under subsection (e) of this section.~~

12 (b) The statewide nonhomestead education tax shall be calculated as
13 follows:

14 (1) The Commissioner of Taxes shall determine for each municipality
15 the nonhomestead education tax ~~rates~~ rate under subsection (a) of this section
16 divided by the number resulting from dividing the municipality's most recent
17 common level of appraisal by the statewide adjustment. The legislative body
18 in each municipality shall then bill each property taxpayer at the ~~homestead or~~
19 nonhomestead rate determined by the Commissioner under this subdivision,
20 multiplied by the nonhomestead education property tax grand list value of the
21 property, ~~properly classified as homestead or nonhomestead property and~~

1 ~~without regard to any other tax classification of the property.~~ Statewide
2 nonhomestead education property tax bills shall show the tax due and the
3 calculation of the rate determined under subsection (a) of this section, divided
4 by the number resulting from dividing the municipality's most recent common
5 level of appraisal by the statewide adjustment, multiplied by the current grand
6 list value of the property to be taxed. Statewide nonhomestead education
7 property tax bills shall also include language provided by the Commissioner
8 pursuant to subsection 5405(g) of this title.

9 (2) Taxes assessed under this section shall be assessed and collected in
10 the same manner as taxes assessed under chapter 133 of this title with no tax
11 classification other than as homestead or nonhomestead property; provided,
12 however, that the tax levied under this chapter shall be billed to each taxpayer
13 by the municipality in a manner that clearly indicates the tax is separate from
14 any other tax assessed and collected under chapter 133, including an
15 itemization of the separate taxes due. The bill may be on a single sheet of
16 paper with the statewide education tax and other taxes presented separately and
17 side by side.

18 (3) ~~If a district has not voted a budget by June 30, an interim homestead~~
19 ~~education tax shall be imposed at the base rate determined under subdivision~~
20 ~~(a)(2) of this section, divided by the number resulting from dividing the~~
21 ~~municipality's most recent common level of appraisal by the statewide~~

1 ~~adjustment, but without regard to any spending adjustment under subdivision~~
2 ~~5401(13) of this title. Within 30 days after a budget is adopted and the deadline~~
3 ~~for reconsideration has passed, the Commissioner shall determine the~~
4 ~~municipality's homestead tax rate as required under subdivision (1) of this~~
5 ~~subsection. [Repealed.]~~

6 (c)(1) The treasurer of each municipality shall by December 1 of the year in
7 which the tax is levied and on June 1 of the following year pay to the State
8 Treasurer for deposit in the Education Fund one-half of the municipality's
9 statewide nonhomestead tax ~~and one-half of the municipality's homestead~~
10 ~~education tax~~, as determined under subdivision (b)(1) of this section.

11 (2) The Secretary of Education shall determine each municipality's net
12 nonhomestead education tax payment ~~and its net homestead education tax~~
13 ~~payment~~ to the State based on grand list information received by the Secretary
14 not later than the March 15 prior to the June 1 net payment. Payment shall be
15 accompanied by a return prescribed by the Secretary of Education. Each
16 municipality may retain 0.225 of one percent of the total education tax
17 collected, only upon timely remittance of net payment to the State Treasurer or
18 to the applicable school district or districts. Each municipality may also retain
19 \$15.00 for each late property tax credit claim filed after April 15 and before
20 September 2, as notified by the Department of Taxes, for the cost of issuing a
21 new property tax bill.

1 (d) [Repealed.]

2 (e) ~~The Commissioner of Taxes shall determine a homestead education tax~~
3 ~~rate for each municipality that is a member of a union or unified union school~~
4 ~~district as follows:~~

5 (1) ~~For a municipality that is a member of a unified union school~~
6 ~~district, use the base rate determined under subdivision (a)(2) of this section~~
7 ~~and a spending adjustment under subdivision 5401(13) of this title based upon~~
8 ~~the per pupil education spending of the unified union.~~

9 (2) ~~For a municipality that is a member of a union school district:~~

10 (A) ~~Determine the municipal district homestead tax rate using the~~
11 ~~base rate determined under subdivision (a)(2) of this section and a spending~~
12 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
13 ~~education spending in the municipality who attends a school other than the~~
14 ~~union school.~~

15 (B) ~~Determine the union district homestead tax rate using the base~~
16 ~~rate determined under subdivision (a)(2) of this section and a spending~~
17 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
18 ~~education spending of the union school district.~~

19 (C) ~~Determine a combined homestead tax rate by calculating the~~
20 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~
21 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~

1 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~
2 ~~municipality to total long term membership of the member municipality; and~~
3 ~~the ratio of long term membership attending a school other than the union~~
4 ~~school to total long term membership of the member municipality. Total long-~~
5 ~~term membership of the member municipality is based on the number of pupils~~
6 ~~who are legal residents of the municipality and attending school at public~~
7 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~
8 ~~facilitate implementation of this subsection (e). [Repealed.]~~

9 Sec. 9. 32 V.S.A. § 5402b is amended to read:

10 § 5402b. ~~STATEWIDE EDUCATION TAX YIELDS~~ RATES;

11 RECOMMENDATION OF THE COMMISSIONER

12 (a) Annually, not later than December 1, the Commissioner of Taxes, after
13 consultation with the Secretary of Education, the Secretary of Administration,
14 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~
15 ~~equivalent yield, an income dollar equivalent yield, the education income tax~~
16 rates and a nonhomestead property tax rate for the following fiscal year. In
17 making these calculations, the Commissioner shall assume:

18 (1) ~~the homestead base tax rate in subdivision 5402(a)(2) of this title is~~
19 ~~\$1.00 per \$100.00 of equalized education property value;~~

20 (2) ~~the applicable percentage in subdivision 6066(a)(2) of this title is~~
21 ~~2.0;~~

1 value established under a stabilization agreement described in section 5404a of
2 this title, or the use value of property enrolled in a Use Value Program under
3 chapter 124 of this title.

4 (2) If a homestead is located on a parcel of greater than two acres, the
5 entire parcel shall be appraised at fair market value; ~~the housesite~~ homestead
6 shall then be appraised as if it were situated on a separate parcel, and the value
7 of the ~~housesite~~ homestead shall be subtracted from the value of the total
8 parcel to determine the value of the remainder of the parcel, which shall be
9 subject to the nonhomestead tax imposed under this chapter. Pursuant to
10 subdivision 4152(a)(9) of this title, a homestead shall be appraised and listed at
11 what the full fair market value of the property would be absent the exemption
12 from nonhomestead tax.

13 * * *

14 Sec. 11. 32 V.S.A. § 5405 is amended to read:

15 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

16 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

17 * * *

18 (c) In determining the fair market value of property that is required to be
19 listed at fair market value, the Commissioner shall take into consideration
20 those factors required by section 3481 of this title. The Commissioner shall

1 value property as of April 1 preceding the determination ~~and shall take account~~
2 ~~of all homestead declaration information available before October 1 each year.~~

3 * * *

4 (g) The Commissioner shall provide to municipalities for the front of
5 property tax bills the ~~district homestead property tax rate before equalization,~~
6 ~~the nonresidential nonhomestead tax rate before equalization,~~ and the
7 calculation process that creates the ~~equalized homestead and nonhomestead tax~~
8 ~~rates rate.~~ The Commissioner shall further provide to municipalities for the
9 back of property tax bills an explanation of the common level of appraisal,
10 including its origin and purpose.

11 Sec. 12. 32 V.S.A. § 5406(c) is amended to read:

12 (c) If the Director of Property Valuation and Review certifies that a
13 municipality has completed a townwide reappraisal, the common level of
14 appraisal for that municipality shall be equal to its new grand list value divided
15 by its most recent equalized grand list value, for purposes of determining the
16 nonhomestead education property tax ~~rates rate.~~

17 Sec. 13. 32 V.S.A. § 5409 is amended to read:

18 § 5409. DUTIES OF MUNICIPALITIES AND ADMINISTRATION

19 The following shall apply with regard to the statewide nonhomestead
20 education property tax imposed under this chapter:

21 * * *

1 (2) If by August 1 a municipality has failed to issue notices of
2 assessment of the statewide nonhomestead education property tax, or if the
3 municipality fails for more than 90 days after the due date for any installment
4 payment to enforce the tax in the municipality, then the Commissioner of
5 Taxes shall either issue notices of assessment or collect the tax, or both, or
6 bring appropriate court action to require the municipal officials to issue notices
7 and collect the tax, as the Commissioner deems necessary.

8 (3) In any case of administration under subdivision (2) of this section by
9 the Commissioner of Taxes of education property tax:

10 * * *

11 (C) The Commissioner may abate in whole or in part the statewide
12 nonhomestead education ~~taxes~~ property tax of a taxpayer who has been granted
13 an abatement of municipal taxes under 24 V.S.A. § 1535.

14 (4) [Repealed.]

15 (5) In case of insufficient property tax payment by a taxpayer to a
16 municipality, payments shall be allocated first to municipal property tax and
17 next to statewide nonhomestead education property tax. In case of insufficient
18 payment by a taxpayer to the Department of Taxes, payments shall be allocated
19 first to liabilities other than the nonhomestead education ~~taxes~~ property tax and
20 next to the nonhomestead education property tax.

1 (6) ~~In case of overpayment by a taxpayer who has an income tax~~
2 ~~liability under chapter 151 of this title and a homestead property tax liability, a~~
3 ~~refund of the overpayment, after accounting for any benefit amount allowed~~
4 ~~under chapter 154 of this title, shall be deemed to be a refund of income tax for~~
5 ~~purposes of debt setoff under chapter 151, subchapter 12 of this title.~~

6 [Repealed.]

7 (7) Notwithstanding section 435 of this title, the Commissioner shall
8 deposit the revenue from ~~taxes~~ the nonhomestead education property tax
9 imposed under this chapter in the ~~education fund~~ Education Fund.

10 (8) A municipality’s liability to the State for ~~education taxes~~ the
11 nonhomestead property tax shall not be reduced by any early payment property
12 tax discount or similar discount offered by the municipality.

13 * * * Repeals * * *

14 Sec. 14. REPEALS; HOMESTEAD PROPERTY TAX AND CREDIT

15 The following are repealed:

16 (1) 32 V.S.A. § 3108(b)(4) (interest on overpayments to homestead tax
17 liabilities);

18 (2) 32 V.S.A. § 3800(g) (statutory purpose for veterans’ homestead
19 property exemptions);

20 (3) 32 V.S.A. § 3802(11) (veterans’ homestead property exemptions);
21 and

1 (4) 32 V.S.A. § 5410 (property tax credit; homestead declaration).

2 Sec. 15. 32 V.S.A. § 4111(e) is amended to read:

3 (e) When the listers return the grand list book to the town clerk, they shall
4 notify by first-class mail, on which postage has been prepaid and that has been
5 addressed to their last known address, all affected persons listed as property
6 owners in the grand list book of any change in the appraised value of such
7 property or any change in the allocation of value to the homestead as defined
8 under subdivision 5401(7) of this title ~~or the housesite as defined under~~
9 ~~subdivision 6061(11) of this title~~, and also notify them of the amount of such
10 change and of the time and place fixed in the public notice hereinafter provided
11 for, when persons aggrieved may be heard. No notice shall be required for a
12 change solely to reflect a new use value set by the Current Use Advisory Board
13 or the adjustment of that value by the common level of appraisal. Notices shall
14 be mailed at least 14 days before the time fixed for hearing. Such personal
15 notices shall be given in all towns and cities within the State, anything in the
16 charter of any city to the contrary notwithstanding. At the same time, the
17 listers shall post notices in the town clerk's office and in at least four other
18 public places in the town or, in the case of a city, in such other manner and
19 places as the city charter shall provide, setting forth that they have completed
20 and filed such book as an abstract and the time and place of the meeting for
21 hearing grievances and making corrections. Unless the personal notices

1 required hereby were sent by registered or certified mail, or unless an official
2 certificate of mailing of the same was obtained from the post office, in the case
3 of any controversy subsequently arising, it shall be presumed that the personal
4 notices were not mailed as required.

5 Sec. 16. 32 V.S.A § 4152(a) is amended to read:

6 (a) When completed, the grand list of a town shall be in such form as the
7 Director prescribes and shall contain such information as the Director
8 prescribes, including:

9 * * *

10 (9) ~~Separate columns~~ A separate column that will show what the listed
11 valuations full fair market value of homesteads, as defined in subdivision
12 5401(7) of this title, ~~and housesites as defined under subdivision 6061(11) of~~
13 ~~this title~~ would be absent the exemption from nonhomestead property tax.

14 Sec. 17. 32 V.S.A. § 4261 is amended to read:

15 § 4261. CORRECTING OMISSION FROM GRAND LIST

16 When real or personal estate is omitted from the grand list by mistake or an
17 obvious error is found, the listers, with the approval of the selectboard, on or
18 before December 31, may supply such omissions or correct such errors and
19 make a certificate thereon of the fact; ~~provided, however, the listers may make~~
20 ~~a correction resulting from the filing or rescission of a homestead declaration~~
21 ~~without approval of the selectboard.~~

1 Sec. 18. 32 V.S.A. § 5400(c) is amended to read:

2 (c) The statutory purpose of the exemption for qualified housing in
3 subdivision 5404a(a)(6) of this title is ~~to ensure that taxes on this rent-~~
4 ~~restricted housing provided to Vermonters of low and moderate income are~~
5 ~~more equivalent to property taxed using the State homestead rate and to adjust~~
6 the costs of investment in rent-restricted housing to reflect more accurately the
7 revenue potential of such property.

8 * * * Municipal Property Tax Credit * * *

9 Sec. 19. 32 V.S.A. chapter 154 is redesignated to read:

10 CHAPTER 154. ~~HOMESTEAD~~ MUNICIPAL PROPERTY TAX CREDIT
11 AND RENTER CREDIT

12 Sec. 20. 32 V.S.A. § 6061 is amended to read:

13 § 6061. DEFINITIONS

14 As used in this chapter ~~unless the context requires otherwise:~~

15 (1) “~~Property~~ Municipal property tax credit” means a credit of the prior
16 tax year’s ~~statewide or municipal property tax liability or a homestead owner~~
17 ~~credit~~, as authorized under section 6066 of this title, ~~as the context requires.~~

18 * * *

19 (6) “~~Property~~ Municipal property tax” means the amount of ad valorem
20 taxes, exclusive of special assessments, interest, penalties, and charges for
21 service, assessed by a municipality on real property in this State used as the

1 claimant's housesite, or that would have been assessed if the homestead had
2 been properly declared at the time of assessment.

3 * * *

4 (11) "~~Housesite~~" means ~~that portion of a homestead, as defined under~~
5 ~~subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this~~
6 ~~title, that includes as much of the land owned by the claimant surrounding the~~
7 ~~dwelling as is reasonably necessary for use of the dwelling as a home, but in~~
8 ~~no event more than two acres per dwelling unit, and, in the case of multiple~~
9 ~~dwelling units, not more than two acres per dwelling unit up to a maximum of~~
10 ~~10 acres per parcel.~~ [Repealed.]

11 * * *

12 (13) "Homestead" means a homestead as defined under subdivision
13 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and
14 declared ~~on or before October 15~~ in accordance with section ~~5410~~ 6065 of this
15 title.

16 (14) "~~Statewide education tax rate~~" means ~~the homestead education~~
17 ~~property tax rate multiplied by the municipality's education spending~~
18 ~~adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes~~
19 ~~assessed in the municipal fiscal year that began in the taxable year.~~

20 [Repealed.]

1 (15) “Adjusted property tax” means the amount of ~~education and~~
2 municipal property taxes on the homestead parcel after reduction for any
3 municipal property tax credit under section 6066a of this chapter.

4 (16) “Unadjusted property tax” means the amount of ~~education and~~
5 municipal property taxes on the homestead parcel before any reduction for a
6 municipal property tax credit under section 6066a of this chapter.

7 (17) ~~“Equalized value of the housesite in the taxable year” means the~~
8 ~~value of the housesite on the grand list for April 1 of the taxable year, divided~~
9 ~~by the municipality’s common level of appraisal determined by equalization of~~
10 ~~the grand list for April 1 of the year preceding the taxable year. [Repealed.]~~

11 * * *

12 Sec. 21. 32 V.S.A. § 6062 is amended to read:

13 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

14 * * *

15 (b) Only one municipal property tax credit claimant per household per year
16 shall be entitled to relief under this chapter.

17 (c) When a homestead is owned by two or more persons as joint tenants,
18 tenants by the entirety, or tenants in common and one or more of these persons
19 are not members of the claimant’s household, the municipal property tax is the
20 same proportion of the property tax levied on that homestead as the proportion

1 of ownership of the homestead by the claimant and members of the claimant's
2 household; provided, however, that:

3 (1) the municipal property tax of a claimant who is 62 years of age or
4 older is the same proportion of the municipal property tax levied on that
5 homestead as the proportion of ownership of the homestead by the claimant,
6 members of the claimant's household, ~~and~~ the claimant's descendants, and the
7 claimant's siblings or spouse who have moved on an indefinite basis from the
8 homestead to a residential care or nursing home and who claim no rebate or
9 credit for such year under this chapter;

10 (2) the municipal property tax of a claimant who is a joint tenant or
11 tenant by the entirety with, and legally separated from, a spouse who is not a
12 member of the household is the tax on the housesite for which the claimant is
13 responsible pursuant to a court-approved settlement agreement;

14 (3) the municipal property tax of a claimant who is a joint tenant with a
15 former spouse and who has possession of the homestead pursuant to the joint
16 owners' final divorce decree is the municipal property tax for which the
17 claimant is responsible under the joint owners' final divorce decree or any
18 modifying orders; and

19 (4) if the homestead is a portion of a duplex and all owners of the duplex
20 occupy some portion of the building as their principal residence, the municipal
21 property tax of the claimant shall be that percentage of the total municipal

1 property tax equal to the ratio of the claimant's principal residence value to the
2 total duplex building value.

3 (d) Whenever a housesite is an integral part of a larger unit such as a farm
4 or a ~~multi-purpose~~ multipurpose or ~~multi-dwelling~~ multidwelling building,
5 municipal property taxes paid shall be that percentage of the total municipal
6 property tax as the value of the housesite is to the total value. Upon a
7 claimant's request, the listers shall certify to the claimant the value of ~~his or~~
8 ~~her~~ the claimant's homestead and housesite.

9 * * *

10 Sec. 22. 32 V.S.A. § 6063 is amended to read:

11 § 6063. CLAIM AS PERSONAL; CREDIT AMOUNT AT TIME OF
12 TRANSFER

13 (a) The right to file a claim under this chapter is personal to the claimant
14 and shall not survive ~~his or her~~ the claimant's death, but the right may be
15 exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian or
16 attorney-in-fact. When a claimant dies after having filed a timely claim, the
17 municipal property tax credit amount shall be credited to the ~~homestead~~
18 property tax liability of the claimant's estate as provided in section 6066a of
19 this title.

1 (b) In case of sale or transfer of a residence, any municipal property tax
2 credit amounts related to that residence shall be allocated to the seller at
3 closing unless the parties otherwise agree.

4 Sec. 23. 32 V.S.A. § 6064 is amended to read:

5 § 6064. CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES

6 The amount of any municipal property tax credit resulting under this
7 chapter may be applied by the Commissioner, beginning July 1 of the calendar
8 year in which the claim is filed, against any State tax liability outstanding
9 against the claimant.

10 Sec. 24. 32 V.S.A. § 6065 is amended to read:

11 § 6065. FORMS; TABLES; NOTICES

12 (a) A homestead owner shall declare ownership of a homestead for
13 purposes of the municipal property tax credit. The Commissioner shall adopt
14 rules governing the eligibility requirements for declaring a homestead. In
15 administering this chapter, the Commissioner shall provide suitable claim
16 forms with tables of allowable claims, instructions, and worksheets for
17 claiming a ~~homestead~~ municipal property tax credit.

18 (b) Prior to June 1, the Commissioner shall also prepare and supply to each
19 town in the State notices describing the ~~homestead~~ municipal property tax
20 credit for inclusion in property tax bills. The notice shall be in simple, plain
21 language and shall explain how to file for a property tax credit, where to find

1 assistance filing for a credit, and any other related information as determined
2 by the Commissioner. The notice shall direct taxpayers to a resource where
3 they can find versions of the notice translated into the five most common non-
4 English languages in the State. A town shall include such notice in each tax
5 bill and notice of delinquent taxes that it mails to taxpayers who own in that
6 town a residential property, without regard for whether the property was
7 declared a homestead pursuant to subdivision 5401(7) of this title.

8 (c) Notwithstanding the provisions of subsection (b) of this section, towns
9 that use envelopes or mailers not able to accommodate notices describing the
10 ~~homestead~~ municipal tax credit may distribute such notices in an alternative
11 manner.

12 Sec. 25. 32 V.S.A. § 6066 is amended to read:

13 § 6066. COMPUTATION OF MUNICIPAL PROPERTY TAX CREDIT
14 AND RENTER CREDIT

15 (a) ~~An eligible~~ A claimant whose household income does not exceed
16 \$47,000.00 and who owned the homestead on April 1 of the year in which the
17 claim is filed shall be entitled to a credit for the prior year's ~~homestead~~
18 municipal property tax liability ~~amount determined as follows:~~ in an amount
19 for the upcoming fiscal year that is equal to the amount by which the municipal
20 property taxes for the municipal fiscal year that began in the taxable year upon
21 the claimant's housesite exceeds a percentage of the claimant's household

1 income for the taxable year, provided that in no event shall the credit under this
2 subsection exceed the amount of the reduced property tax. The amount of the
3 credit under this subsection shall be determined as follows:

4 ~~(1)(A) For a claimant with household income of \$130,000.00 or more:~~

5 ~~(i) the statewide education tax rate, multiplied by the equalized~~
6 ~~value of the housesite in the taxable year;~~

7 ~~(ii) minus (if less) the sum of:~~

8 ~~(I) the income percentage of household income for the taxable~~
9 ~~year; plus~~

10 ~~(II) the statewide education tax rate, multiplied by the equalized~~
11 ~~value of the housesite in the taxable year in excess of \$400,000.00.~~

12 ~~(B) For a claimant with household income of less than \$90,000.00 but~~
13 ~~more than \$60,000.00, the statewide education tax rate, multiplied by the~~
14 ~~equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

15 ~~(i) the income percentage of household income for the taxable~~
16 ~~year; plus~~

17 ~~(ii) the statewide education tax rate, multiplied by the equalized~~
18 ~~value of the housesite in the taxable year in excess of \$1,000,000.00.~~

19 ~~(C) For a claimant whose household income does not exceed~~
20 ~~\$60,000.00, the statewide education tax rate, multiplied by the equalized value~~
21 ~~of the housesite in the taxable year, minus the lesser of:~~

1 ~~(i) the sum of the income percentage of household income for the~~
2 ~~taxable year plus the statewide education tax rate, multiplied by the equalized~~
3 ~~value of the housesite in the taxable year in excess of \$1,000,000.00; or~~

4 ~~(ii) the statewide education tax rate, multiplied by the equalized~~
5 ~~value of the housesite in the taxable year reduced by \$15,000.00.~~

6 ~~(2) “Income percentage” in this section means two percent, multiplied by~~
7 ~~the education income tax spending adjustment under subdivision 5401(13)(B)~~
8 ~~of this title for the property tax year that begins in the claim year for the~~
9 ~~municipality in which the homestead residence is located.~~

10 ~~(3) A claimant whose household income does not exceed \$47,000.00~~
11 ~~shall also be entitled to an additional credit amount from the claimant’s~~
12 ~~municipal taxes for the upcoming fiscal year that is equal to the amount by~~
13 ~~which the municipal property taxes for the municipal fiscal year that began in~~
14 ~~the taxable year upon the claimant’s housesite exceeds a percentage of the~~
15 ~~claimant’s household income for the taxable year as follows:~~

If household income (rounded	then the taxpayer is entitled to
to the nearest dollar) is:	credit for the reduced property tax in
	excess of this percent of that income

\$0.00 — 9,999.00	1.50
-------------------	------

\$10,000.00 — 47,000.00	3.00
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1 ~~(4) A claimant whose household income does not exceed \$60,000.00~~
2 ~~shall also be entitled to an additional credit amount from the claimant's~~
3 ~~statewide education tax for the upcoming fiscal year that is equal to the amount~~
4 ~~by which the education property tax for the municipal fiscal year that began in~~
5 ~~the taxable year upon the claimant's housesite, reduced by the credit amount~~
6 ~~determined under subdivisions (1) and (2) of this subsection, exceeds a~~
7 ~~percentage of the claimant's household income for the taxable year as follows:~~

8 If household income (rounded	then the taxpayer is entitled to
9 to the nearest dollar) is:	credit for the reduced property tax in
	10 excess of this percent of that income
11 \$0.00 — 9,999.00	0.50
12 \$10,000 — 24,999.00	1.50
13 \$25,000.00 — 46,999.00	2.00
14 \$47,000.00 — 60,000.00	15 lesser of 2.50
	or town rate

16 ~~(5) In no event shall the credit provided for in subdivision (3) or (4) of~~
17 ~~this subsection exceed the amount of the reduced property tax. The credits~~
18 ~~under subdivision (4) of this subsection shall be calculated considering only~~
19 ~~the tax due on the first \$1,000,000.00 in equalized housesite value.~~

20 * * *

1 (e) Property taxes paid by a cooperative, not including a mobile home park
2 cooperative, allocable to property used as a homestead shall be attributable to
3 the co-op member for the purpose of computing the credit of municipal
4 property tax liability of the co-op member under this section. Property owned
5 by a cooperative declared as a homestead may only include the homestead and
6 a pro rata share of any common land owned or leased by the cooperative, not
7 to exceed the two-acre housesite limitation. The share of the cooperative's
8 assessed value attributable to the housesite shall be determined by the
9 cooperative and specified annually in a notice to the co-op member. Property
10 taxes paid by a mobile home park cooperative, allocable to property used as a
11 housesite, shall be attributed to the owner of the housesite for the purpose of
12 computing the credit of municipal property tax liability of the housesite owner
13 under this section. Property owned by the mobile home park cooperative and
14 declared as a housesite may only include common property of the cooperative
15 contiguous with at least one mobile home lot in the park, not to exceed the
16 two-acre housesite limitation. The share attributable to any mobile home lot
17 shall be determined by the cooperative and specified in the cooperative
18 agreement.

19 (f) [Repealed.]

20 (g) Notwithstanding subsection (d) of this section, if the land surrounding a
21 homestead is owned by a nonprofit corporation or community land trust with

1 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an
2 allocated amount as property tax paid on the land with the amount of property
3 taxes paid by the homeowner on the home for the purposes of computation of
4 the credit under this section. The allocated amount shall be determined by the
5 nonprofit corporation or community land trust on a proportional basis. The
6 nonprofit corporation or community land trust shall provide to that
7 homeowner, by January 31, a certificate specifying the allocated amount. The
8 certificate shall indicate the proportion of total property tax on the parcel that
9 was assessed for municipal property tax ~~and for statewide property tax.~~

10 ~~(h) A homestead owner shall be entitled to an additional property tax credit~~
11 ~~amount equal to one percent of the amount of income tax refund that the~~
12 ~~claimant elects to allocate to payment of homestead property tax under section~~
13 ~~6068 of this title. [Repealed.]~~

14 * * *

15 Sec. 26. 32 V.S.A. § 6066a is amended to read:

16 § 6066a. DETERMINATION OF MUNICIPAL PROPERTY TAX CREDIT

17 (a) Annually, the Commissioner shall determine the municipal property tax
18 credit amount under section 6066 of this title, related to a homestead owned by
19 the claimant, based on the prior taxable year's income and crediting municipal
20 property taxes paid in the prior year. The Commissioner shall notify the
21 municipality in which the housesite is located of the amount of the property tax

1 credit for the claimant for ~~homestead~~ municipal property tax liabilities on a
2 monthly basis. The tax credit of a claimant who was assessed property tax by
3 a town that revised the dates of its fiscal year, however, is the excess of the
4 municipal property tax that was assessed in the last 12 months of the revised
5 fiscal year, over the adjusted property tax of the claimant for the revised fiscal
6 year, as determined under section 6066 of this title, related to a homestead
7 owned by the claimant.

8 (b) ~~The Commissioner shall include in the total property tax credit amount~~
9 ~~determined under subsection (a) of this section, for credit to the taxpayer for~~
10 ~~homestead property tax liabilities, any income tax overpayment remaining~~
11 ~~after allocation under section 3112 of this title and setoff under section 5934 of~~
12 ~~this title, which the taxpayer has directed to be used for payment of property~~
13 ~~taxes. [Repealed.]~~

14 (c) The Commissioner shall notify the municipality of any claim and
15 refund amounts unresolved by November 1 at the time of final resolution,
16 including adjudication, if any; provided, however, that towns will not be
17 notified of any additional credit amounts after November 1 of the claim year,
18 and such amounts shall be paid to the claimant by the Commissioner.

19 (d) [Repealed.]

20 (e) At the time of notice to the municipality, the Commissioner shall notify
21 the taxpayer of the municipal property tax credit amount determined under

1 ~~subdivision subsection 6066(a)(1) of this title, the amount determined under~~
2 ~~subdivision 6066(a)(3) of this title, any additional credit amounts due the~~
3 ~~homestead owner under section 6066 of this title, the amount of income tax~~
4 ~~refund, if any, allocated to payment of homestead property tax liabilities, and~~
5 ~~any late claim reduction amount.~~

6 (f)(1) ~~For taxpayers and amounts stated in the notice to towns on or before~~
7 ~~July 1, municipalities shall create and send to taxpayers a homestead property~~
8 ~~tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,~~
9 ~~providing the total amount allocated to payment of homestead education~~
10 ~~property tax liabilities and notice of the balance due. Municipalities shall~~
11 ~~apply the amount allocated under this chapter to current year property taxes in~~
12 ~~equal amounts to each of the taxpayers' property tax installments that include~~
13 ~~education taxes. Notwithstanding section 4772 of this title, if a town issues a~~
14 ~~corrected bill as a result of the notice sent by the Commissioner under~~
15 ~~subsection (a) of this section, issuance of the corrected new bill does not~~
16 ~~extend the time for payment of the original bill nor relieve the taxpayer of any~~
17 ~~interest or penalties associated with the original bill. If the corrected bill is less~~
18 ~~than the original bill, and there are also no unpaid current year taxes, interest,~~
19 ~~or penalties, and no past year delinquent taxes or penalties and interest charges,~~
20 ~~any overpayment shall be reflected on the corrected tax bill and refunded to the~~
21 ~~taxpayer.~~

1 ~~(2) For property tax credit amounts for which municipalities receive~~
2 ~~notice after November 1, municipalities shall issue a new homestead property~~
3 ~~tax bill with notice to the taxpayer of the total amount allocated to payment of~~
4 ~~homestead property tax liabilities and notice of the balance due.~~

5 ~~(3) The property tax credit amount determined for the taxpayer shall be~~
6 ~~allocated first to current year property tax on the homestead parcel, next to~~
7 ~~current year homestead parcel penalties and interest, next to any prior year~~
8 ~~homestead parcel penalties and interest, and last to any prior year property tax~~
9 ~~on the homestead parcel. No credit shall be allocated to a property tax liability~~
10 ~~for any year after the year for which the claim or refund allocation was filed.~~
11 ~~No municipal tax reduction incentive for early payment of taxes shall apply to~~
12 ~~any amount allocated to the property tax bill under this chapter.~~

13 ~~(4) If the property tax credit amount as described in subsection (e) of~~
14 ~~this section exceeds the property tax, penalties, and interest due for the current~~
15 ~~and all prior years, the municipality shall refund the excess to the taxpayer,~~
16 ~~without interest, within 20 days of the first date upon which taxes become due~~
17 ~~and payable or 20 days after notification of the credit amount by the~~
18 ~~Commissioner of Taxes, whichever is later. [Repealed.]~~

19 (g) The Commissioner of Taxes shall pay monthly to each municipality the
20 amount of municipal property tax credit of which the municipality was last

1 notified related to municipal property tax on homesteads within that
2 municipality, as determined by the Commissioner of Taxes.

3 Sec. 27. 32 V.S.A. § 6067 is amended to read:

4 § 6067. CREDIT LIMITATIONS

5 Only one individual per household per taxable year shall be entitled to a
6 municipal property tax credit under this chapter. An individual who received a
7 homestead exemption or credit with respect to property taxes assessed by
8 another state for the taxable year shall not be entitled to receive a credit under
9 this chapter. No taxpayer shall receive a renter credit under subsection 6066(b)
10 of this title in excess of \$2,500.00. No taxpayer shall receive a municipal
11 property tax credit under ~~subdivision~~ subsection 6066(a)(~~3~~) of this title greater
12 than \$2,400.00 ~~or cumulative credit under subdivisions 6066(a)(1) (2) and (4)~~
13 ~~of this title greater than \$5,600.00.~~

14 Sec. 28. 32 V.S.A. § 6068 is amended to read:

15 § 6068. APPLICATION AND TIME FOR FILING

16 (a) ~~A property tax credit claim or request for allocation of an income tax~~
17 ~~refund to homestead property tax payment shall be filed with the~~
18 ~~Commissioner on or before the due date for filing the Vermont income tax~~
19 ~~return, without extension, and shall describe the school district in which the~~
20 ~~homestead property is located and shall particularly describe the homestead~~
21 ~~property for which the credit or allocation is sought, including the school~~

1 ~~parcel account number prescribed in subsection 5404(b) of this title.~~ A renter
2 credit claim shall be filed with the Commissioner on or before the due date for
3 filing the Vermont income tax return, without extension.

4 (b) If the claimant files a claim after October 15 but on or before March 15
5 of the following calendar year, the municipal property tax credit under this
6 chapter:

7 * * *

8 (c) No request for ~~allocation of an income tax refund or for a renter credit~~
9 claim may be made after October 15. No municipal property tax credit claim
10 may be made after March 15 of the calendar year following the due date under
11 subsection (a) of this section.

12 Sec. 29. 32 V.S.A. § 6070 is amended to read:

13 § 6070. DISALLOWED CLAIMS

14 A claim shall be disallowed if the claimant received title to ~~his or her~~ the
15 claimant's homestead primarily for the purpose of receiving benefits under this
16 chapter.

17 * * * Revenue Allocation and Education Payments * * *

18 Sec. 30. 16 V.S.A. § 4001 is amended to read:

19 § 4001. DEFINITIONS

20 As used in this chapter:

1 (1) “Average daily membership” of a school district or, if needed in
2 order to calculate the appropriate ~~homestead~~ education income tax rate, of the
3 municipality as defined in 32 V.S.A. § 5401(9), in any year means:

4 * * *

5 (2) “Equalized grand list” has the same meaning that equalized
6 education property tax grand list has in 32 V.S.A. chapter 135.

7 * * *

8 Sec. 31. 16 V.S.A. § 4025 is amended to read:

9 § 4025. EDUCATION FUND

10 (a) The Education Fund is established to comprise the following:

11 (1) all revenue paid to the State from the statewide education tax on
12 nonhomestead ~~and homestead~~ property under 32 V.S.A. chapter 135;

13 * * *

14 (10) wind-powered electric generating facilities tax deposited pursuant
15 to 32 V.S.A. § 5402c; ~~and~~

16 (11) revenues from the short-term rental surcharge under 32 V.S.A.
17 § 9301; and

18 (12) revenues from the education income tax imposed by 32 V.S.A.
19 chapter 151, subchapter 14.

20 (b) Monies in the Education Fund shall be used for the following:

21 * * *

1 Sec. 33. 32 V.S.A. § 6066 is amended to read:

2 § 6066. COMPUTATION OF PROPERTY TAX CREDIT AND RENTER

3 CREDIT

4 (a) An eligible claimant who owned the homestead on April 1 of the year in
5 which the claim is filed shall be entitled to a credit for the prior year's
6 homestead property tax liability amount determined as follows:

7 (1)(A) For a claimant with household income of ~~\$90,000.00~~
8 \$130,000.00 or more:

9 (i) the statewide education tax rate, multiplied by the equalized
10 value of the housesite in the taxable year;

11 (ii) minus (if less) the sum of:

12 (I) the income percentage of household income for the taxable
13 year; plus

14 (II) the statewide education tax rate, multiplied by the
15 equalized value of the housesite in the taxable year in excess of ~~\$225,000.00~~
16 \$400,000.00.

17 (B) For a claimant with household income of less than \$90,000.00
18 but more than ~~\$47,000.00~~ \$60,000.00, the statewide education tax rate,
19 multiplied by the equalized value of the housesite in the taxable year, minus (if
20 less) the sum of:

1 (i) the income percentage of household income for the taxable
2 year; plus

3 (ii) the statewide education tax rate, multiplied by the equalized
4 value of the housesite in the taxable year in excess of ~~\$400,000.00~~
5 \$1,000,000.00.

6 (C) For a claimant whose household income does not exceed
7 ~~\$47,000.00~~ \$60,000.00, the statewide education tax rate, multiplied by the
8 equalized value of the housesite in the taxable year, minus the lesser of:

9 (i) the sum of the income percentage of household income for the
10 taxable year plus the statewide education tax rate, multiplied by the equalized
11 value of the housesite in the taxable year in excess of ~~\$400,000.00~~
12 \$1,000,000.00; or

13 (ii) the statewide education tax rate, multiplied by the equalized
14 value of the housesite in the taxable year reduced by \$15,000.00.

15 * * *

16 (3) A claimant whose household income does not exceed \$47,000.00
17 shall also be entitled to an additional credit amount from the claimant's
18 municipal taxes for the upcoming fiscal year that is equal to the amount by
19 which the municipal property taxes for the municipal fiscal year that began in
20 the taxable year upon the claimant's housesite exceeds a percentage of the
21 claimant's household income for the taxable year as follows:

1	If household income (rounded	then the taxpayer is entitled to
2	to the nearest dollar) is:	credit for the reduced property tax in
3		excess of this percent of that income
4	\$0.00 — 9,999.00	1.50
5	\$10,000.00 — 47,000.00	3.00

6 (4) A claimant whose household income does not exceed ~~\$47,000.00~~
7 \$60,000.00 shall also be entitled to an additional credit amount from the
8 claimant's statewide education tax for the upcoming fiscal year that is equal to
9 the amount by which the education property tax for the municipal fiscal year
10 that began in the taxable year upon the claimant's housesite, reduced by the
11 credit amount determined under subdivisions (1) and (2) of this subsection,
12 exceeds a percentage of the claimant's household income for the taxable year
13 as follows:

14	If household income (rounded	then the taxpayer is entitled to
15	to the nearest dollar) is:	credit for the reduced property tax in
16		excess of this percent of that income
17	\$0.00 — 9,999.00	<u>0.50</u>
18	\$10,000 — 24,999.00	<u>1.50</u>
19	\$25,000.00 — 47,000 <u>46,999.00</u>	<u>2.00</u>
20	<u>\$47,000 — 60,000.00</u>	<u>lesser of 2.50</u>
21		<u>or town rate</u>

